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Budget Presentation
Award*

PRESENTED TO

**City of Milpitas
California**

For the Fiscal Year Beginning
July 1, 2002

President

Executive Director

The Government Finance Officers' Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Milpitas for its annual budget for the fiscal year beginning July 1, 2002. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.



CITY OF MILPITAS

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August 22, 2003

Honorable Mayor and City Council
City of Milpitas
Milpitas, California 95035

Members of the City Council:

Submitted for your review and approval is the Annual Budget for Fiscal Year 2003-2004. This budget includes the City's operating and capital improvement budget, the Redevelopment Agency's activities and the City's water and sewer utility operations.

This budget has been developed to assist the City Council in the achievement of its vision for Milpitas and to ensure the delivery of quality, timely, and cost effective services to the community while continuing to meet future fiscal challenges in the most professional and responsive manner. Consequently, it is appropriate to begin this discussion of the budget with a review of the City Council's primary policies.

POLICY DIRECTION

The Fiscal Year 2003-04 (FY 03-04) budget was developed to incorporate the following City Council's priorities and policy direction:

- Continue to provide high level of City services to the community in the most efficient and effective manner
- Maintain a reserve policy for the General Fund that will ensure against economic uncertainties and provide stability for employees' retirement funding
- Complete improvements on the interim Senior Center and planning for the reconstruction of a permanent Senior Center
- Complete the planning and design for the new Library
- Continue to focus on Redevelopment projects and funding that will provide for the economic stability of the community and implementation of the Midtown Specific Plan
- Encourage commercial and residential development focused in the Midtown Specific Plan area that will center on the new light rail system and the future BART system to alleviate traffic congestion

The Budget Highlights section describes how staff has implemented the Council's policy direction through the budget.

BUDGET HIGHLIGHTS

FY 03-04 Operating Budget was developed conservatively to manage the revenue shortfall due to the recent economic recession and the economy's anticipated slow recovery. Some of the most significant highlights from the Operating and Capital Budgets are detailed below:

- Continue the present hiring freeze in all non-public safety positions to achieve cost savings of more than \$3 million
- Provide funding to pay for the negotiated increases in accordance with the Memoranda of Understanding and maintain the City's valuable human resources without layoffs
- Aggressively reduce General Fund services and supplies expenditure budget by approximately \$3.7 million while maintaining high level of quality services
- Careful evaluation of infrastructure and programming needs in the five year capital improvement program to fund and deliver the Council's highest priority projects
- Conservatively utilizing some of the unreserved, undesignated fund balance to offset General Fund revenue shortfall while maintaining a reserve level at 15% of the budget appropriations for contingency
- Implement, if needed, the contingency plan to cover the shifting of revenues by the State

BUDGET OVERVIEW

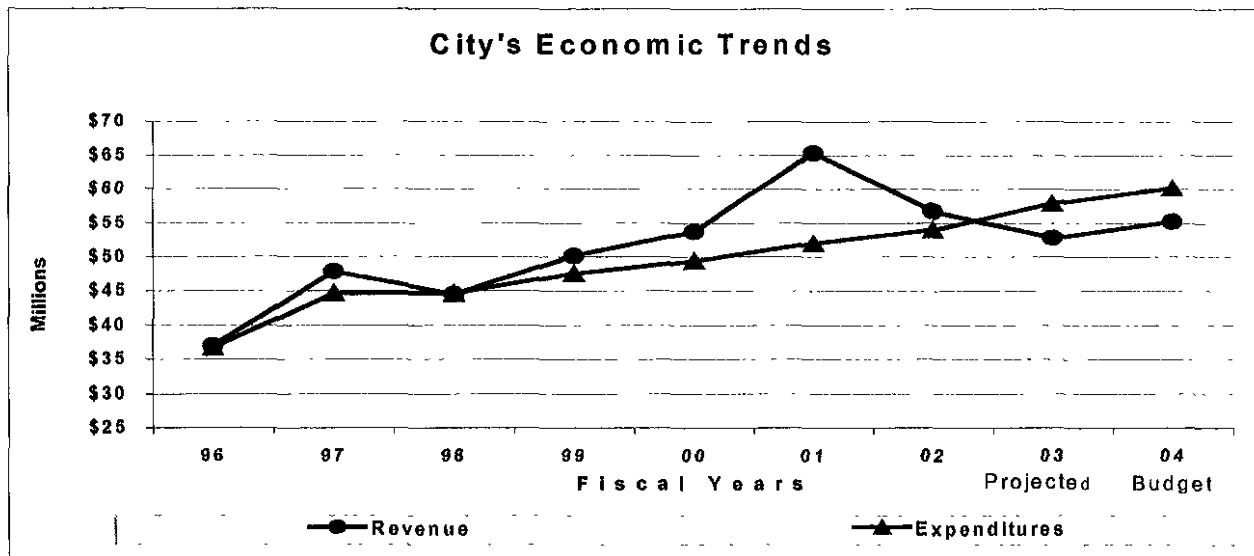
The total Annual Budget for FY 2003-04 is \$99,232,847. This is a 5.9% decrease from the FY 2002-03 Annual Budget. Excluding the City's FY 03-04 Capital Improvement Budget, the total operating budget is \$89,543,272, a 3.3% decrease from last year. The General Fund budget is \$60,101,116 a 2.8% decrease compared to FY 2002-03. The primary components of this decrease are the economies realized by the continued hiring freeze of vacant positions and reduction of services and supplies requests. The budget anticipates only a very small percentage of revenue growth in FY 03-04 due to slow economic recovery. Consequently, a deficit of \$4.9 million is anticipated in the General Fund. In order to maintain the current level of service and programs for Milpitas citizens, the FY 03-04 budget includes cost savings and the judicious use of some of the reserve funds as follows:

- Continue the present hiring freeze in all non-public safety positions for the entire FY 03-04. The hiring freeze has been a key element in

closing the FY 02-03 revenue shortfall and is projected to contribute no less than \$3 million savings for next year.

- Utilize \$1.5 million of Public Employees Retirement System Rate Stabilization Reserve to help fund a portion of the employer's contribution. Due to the sluggish economy and lower stock prices impacting CalPERS investment portfolio, the City's employer contribution rates for the various employee retirement plans will go up significantly next fiscal year. The employer contribution rates in FY 03-04 will be 6.994% for the Miscellaneous Employee Plan, 14.419% for the Fire Safety Plan and 17.106% for the Police Safety Plan, approximate increases of 5%, 27%, and 33% respectively over last year.
- Eliminate the remaining General Fund budget deficit by using some of the *unreserved, undesignated fund balance*. The amount to be utilized would not exceed \$3.4 million. At the close of FY 03-04, staff projects a remaining balance of unreserved, undesignated fund balance of \$9.25 million for the General Fund which is at approximately 15.4% of the budget appropriations.

The chart below provides the historical trend of the General Fund revenues and expenditures from FY 95-96 through FY 02-03, along with the budget projections for FY 03-04.



The total budget includes the City's Water and Sewer Utility enterprise operating budgets of \$9,926,366 and \$6,116,606 respectively. It also includes the City's Redevelopment Agency (RDA) budget of \$12,957,953. A separate Capital Improvement Program (CIP) budget document is produced annually that provides a detailed description of each project. The CIP document includes all projects for the

budget year as well as profiling anticipated community needs over the subsequent four years. The total proposed budget for capital improvements for FY 03-04 is \$9,689,575. Cumulatively, approximately \$46 million will be available for capital projects during FY 03-04.

Consistent with the City Council and City Manager's direction, the FY 03-04 budget carefully allocates resources needed to implement the numerous citywide projects and programs, while providing for the maintenance and enhancement of services to all Milpitas citizens and businesses.

Economic Trends, Development and Activity

Milpitas is situated within the Silicon Valley region, known throughout the world as the home of high technology, innovation and research. Milpitas, considered the "Crossroads of Silicon Valley," with most of its 13.6 square miles of land situated between two major freeways, I-680 and I-880, has experienced tremendous growth since its incorporation in 1954. Over the past 30 years, the population growth has increased from 26,561 in 1970 to 62,698 in 2000. The Bay Area has experienced significant employment growth from 1992 through 2000, adding more than 170,000 jobs. However, in 2001, Santa Clara County experienced its first negative job growth since 1992. This trend continued in 2002. Over 80,000 jobs were lost as a result of the economic recession. This region is severely impacted due to concentration of the high-tech industry and decline of the stock market. Consequently, the unemployment rate at 8.3% in April 2003 is higher than the national and state averages.

There are approximately 1,790 acres or 2.9 square miles of land area in the City limits designated for various industrial uses; about 271 acres are vacant and available in parcels ranging in size from ½ acre to 75 acres. Included in this acreage total are eight industrial parks. An estimated 350 acres of land are dedicated to regional and community retail centers supporting 3.5 million square feet of commercial shops. There are 550 manufacturing plants in Milpitas. The leading economic segments are restaurants, apparel stores and electronics equipment. The five largest manufacturing employers are Cisco Systems, Inc., Lifescan Inc., Solectron Corporation, Read-Rite Corporation and LSI Logic Corporation. The two largest non-manufacturing employers in Milpitas are The Great Mall of the Bay Area and the Milpitas Unified School District.

Major Activity in the City

New City Hall – The City completed construction on the new 62,000 square foot Civic Center building. The building has been fully accepted and operational since September 30, 2002. A Grand Opening celebration with the community was held in October 2002.

Midtown Specific Plan – After approval of the Midtown Specific Plan last year, implementation efforts were the focus this year to carry out the long-term vision for Milpitas' industrial and commercial core. The vision for this area includes high density housing within walking distance to light rail and BART to support the public investment in mass transit, transforming neighborhoods into an attractive and economically vital district with plazas and network of pedestrian and bicycle trails, a vibrant streetscape along the north end of Main Street and a mixture of housing, shopping, employment, entertainment, and cultural and recreational opportunities. The implementation efforts began by prioritizing all the goals and policies of the Plan which led to the selection of a consultant to prepare right-of-way drawings and conceptual streetscape plans, planting plans and gateway entry feature designs as well as the precise plan for Main Street and building signage guidelines.

Housing Element – The City adopted a comprehensive update to the General Plan Housing Element that was last updated in 1994. This state required document was recognized by the state Department of Housing and Community Development (HCD) as a model housing element for other cities. Some of the more significant goals within the Element are strengthening the commitment to provide 20% affordable housing in new residential developments, maintaining high quality residential environments and promoting housing affordability for both renters and owners.

Great Mall of the Bay Area – The Great Mall is the largest enclosed mall in Northern California, with approximately 1.1 million square feet of leasable space. During the past year, the Mall expanded its entertainment venues with a game room addition to the Dave and Buster's restaurant and the introduction of Putting Edge, an indoor, glow-in-the dark miniature golf course. Other tenant approvals included the Cyber Hunt Café and the Bubble Act Café.

Residential Development – Residential development activities remained relatively strong despite the downturn in the economy. Milpitas represents one of the more affordable alternatives in Santa Clara County, with median home prices at \$465,000.

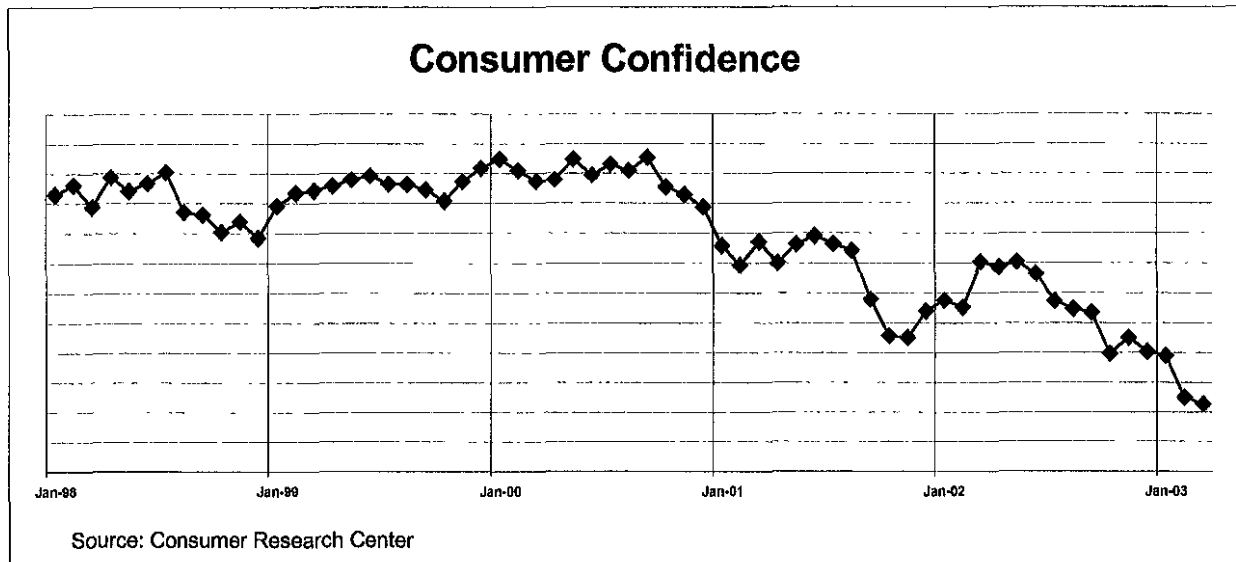
Residential development approvals in progress outside the Midtown area include Edsel Court (5 apartment units), Barry Swenson's Twin Towers (177 condominium units) and the Town Center redevelopment project (71 townhouse units and a 54,000 square foot Safeway grocery store). Spurred by the high density potential of the Midtown Plan, residential and mixed use development approvals in progress within the Midtown area include Apton Plaza (101 apartment units and 6,000 square feet of retail space), Parc North (273 townhouse and condominium units), and South Main Manor (14 apartment units and 4,000 square feet of retail and office space).

Residential construction included completion of the 68 apartment units within Parc West and the last phase of the Crossing at Montague, for a total of 468 apartment units.

Non-residential Development – With the downturn of the economy, non-residential development has been primarily limited to redevelopment of existing tenant spaces and buildings. Reuse of existing space this year included a 20,000 square foot India Community Center formerly used for light industrial purposes, conversion of a Burger King restaurant into combined Starbuck's/Baskin Robbins/TOGO's eateries and rehabilitation and occupancy of the former Home Dept Store on Landess Avenue for a Home Depot Pro Store targeting contractors.

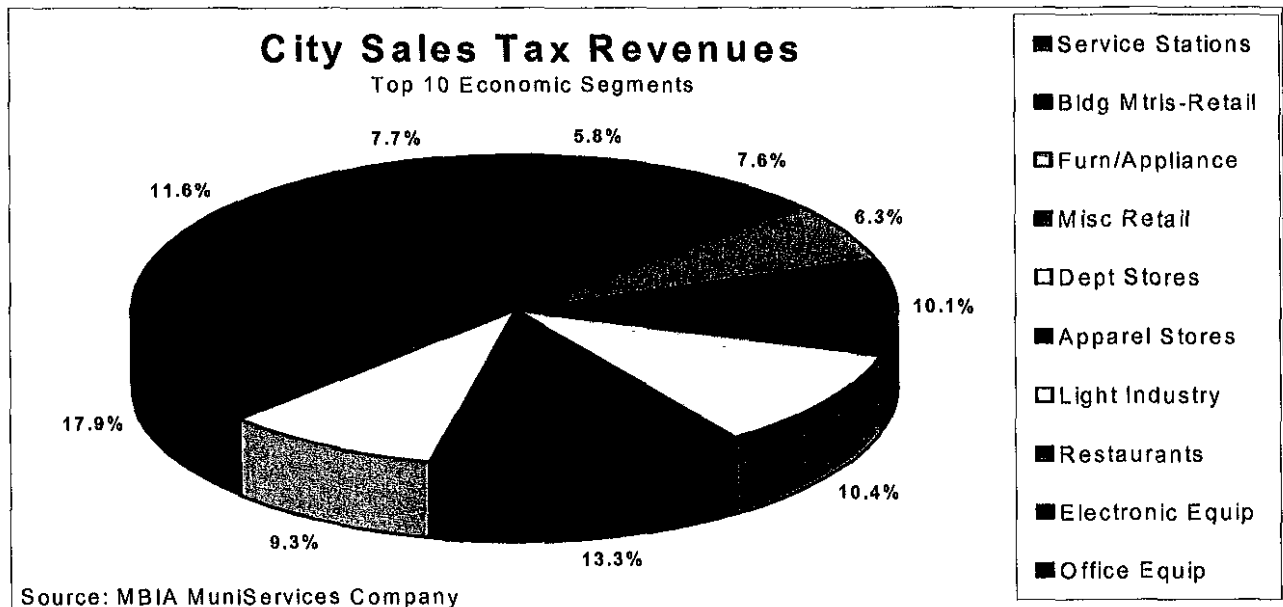
Consumer Confidence Level

The continued decline in the value of the stock market portfolios, economic uncertainties, coupled with the war with Iraq have taken a toll on consumer confidence. The continued decline in consumer confidence suggests that consumer's expectations in business conditions are pessimistic which could lead to further reduction in consumer spending, thus jeopardizing the economic recovery.



Top Ten Sales Tax Generators by Economic Segment

The chart on the next page provides an overview of the City's sales tax revenue by economic segment. Sectors such as business to business, general retail, food products, and construction were all affected by the economy and showed substantial decreases in the past year.



Revised Revenue Estimates for Current Fiscal Year 2002-2003

The economic recession has severely impacted the City's revenue. The decrease in revenue has been worse than projected when the City's revenue estimates were prepared for the FY 2002-03 budget. **The revised revenue estimates for FY 2002-03 assume that General Fund revenues will be \$3.2 million (7.4%) less than budgeted.**

Sales tax revenues are expected to be \$2.6 million less than estimated and building permit revenue is expected to be \$700,000 less than originally estimated. Both of these revenue sources are an indication of the continued economic downturn experienced in the past year, and as a result, consumers delayed on spending and developers deferred on development.

Transient Occupancy Tax (TOT) revenue is expected to be lower than original estimate by \$1.1 million. The decrease in TOT revenue is primarily due to decreased hotel occupancy as a result of the economic recession and less business travel. Interest earnings on the City's investment portfolio are expected to be lower than the FY 2002-03 original estimates by \$428,000 due to lower interest rates. Property tax is expected to be \$725,000 higher than original estimate due to steady increases of assessed valuation of secured properties within the City. Despite revenue shortfall experienced in several major revenue sources, General Fund is projected to close out the fiscal year with a deficit lower than the original estimate, primarily due to cost savings achieved by all the divisions and departments. The revised deficit is \$5.1 million, about \$1 million less than the original estimate.

REVENUES AND OTHER FINANCING SOURCES

Revenue detail is shown in the Financial Information section of the budget. A summary of revenues, including transfers between funds, and the increase or use of fund balances for the following funds is shown on the chart below as a comparison between FY 02-03 and FY 03-04.

REVENUES AND OTHER FINANCING SOURCES

<u>Fund</u>	<u>FY 02-03</u>	<u>FY 03-04</u>	<u>Over (Under) Prior Year</u>
General	\$ 61,802,168	\$ 60,101,116	\$ (1,701,052)
Street Improvement	5,016,654	5,119,470	102,816
Park	661,935	594,245	(67,690)
Water	10,351,201	9,926,366	(424,835)
Sewer	7,426,521	6,116,606	(1,309,915)
Redevelopment Agency	15,998,739	12,957,953	(3,040,786)
All Other Funds	4,238,653	4,417,091	178,438
Total	<u>\$105,495,871</u>	<u>\$ 99,232,847</u>	<u>\$ (6,263,024)</u>

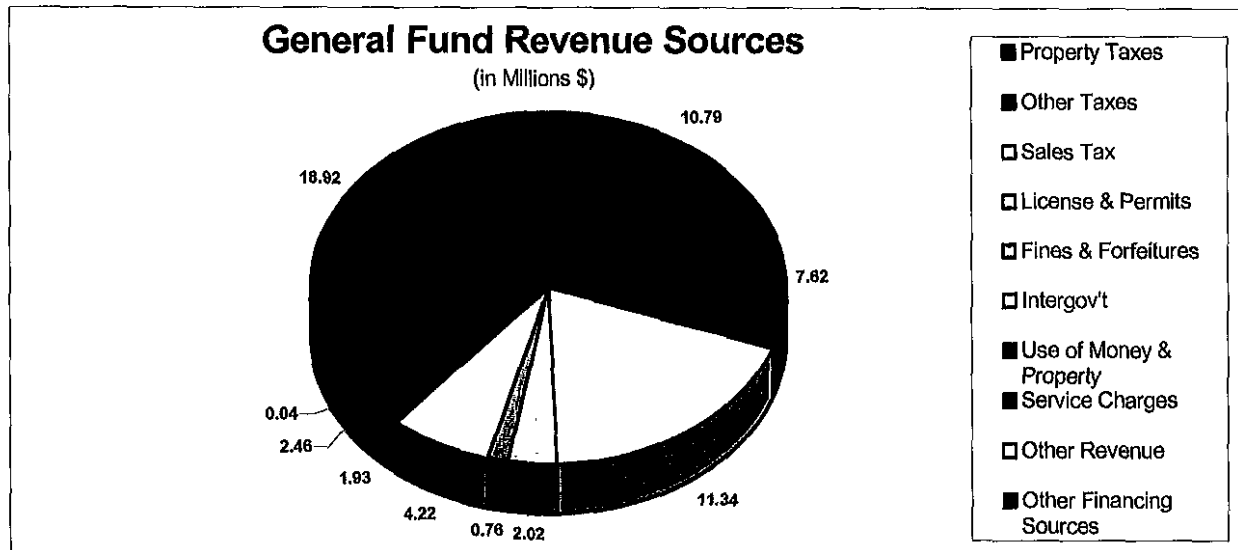
Revenue Estimates for Fiscal Year 2003-04

Total estimated revenue and other financing sources is estimated to decrease by \$6,263,024, compared to the FY 2002-03 budget. In FY 2002-03 the General Fund revenue was originally estimated to be higher but was revised down by \$3.2 million to reflect the continued economic downturn experienced in the past year. In FY 03-04, revenues are expected to remain flat, with only very small growth over FY 02-03 revised General Fund revenues primarily due to slow recovery of the economy.

General Fund Estimates

FY 2003-04 estimated General Fund revenue and other financing sources assume a decrease of \$1,701,052 or 2.75% compared to the FY 02-03 budget. Some of the changes include the following. Sales tax revenues are estimated to be \$2.2 million (16%) less than the FY 02-03 budget, but assuming a 3% increase over revised estimate for FY 02-03. Sales tax revenues have not shown any significant improvement primarily due to the lagging recovery in business-to-business sales. Building permit revenue for FY 02-03 is estimated to be \$700,000 less than budget. Building permit revenues in FY 03-04 are projected to increase slightly by \$249,000 over FY 02-03 revised revenues in anticipation of development activities in the Midtown. Property tax revenues are estimated to be up \$1.48 million over the FY 02-03 budget, assuming a 7.5% increase over FY 02-03 revised estimates due to Proposition 13 valuation changes, consolidation of the property tax revenue from the dissolved Milpitas

Sanitary District and increased assessment values as a result of property transfers and sales. Hotel/motel (TOT) revenue is expected to be \$986,000 (15.6%) less than the FY 02-03 budget due to decreased occupancy generated by high-tech industry layoffs. Motor Vehicle In-Lieu Tax is expected to increase by approximately \$112,000 (3%) over FY 02-03 budget. Interest income is anticipated to decrease by \$757,000 compared to the FY 02-03 budget, primarily due to lower investment earnings from the City's investment portfolio as a result of lower interest rates. The chart below provides an overview of the City's General Fund revenue sources.



City and RDA Revenue Estimates

There are no significant changes in the revenue sources for other funds compared to last year. Redevelopment property tax increment is anticipated to increase by \$267,000 or 1% more than FY 02-03 budget. FY 02-03 property tax increment was revised downward by \$433,000 due to original revenue estimates included certain one time property tax adjustments in FY01-02 that are non-recurring in FY 02-03. FY 03-04 assumes an increase of 2.3% over FY 02-03 revised estimates. The increase is primarily due to a combination of assessed valuation growth in secured properties and decreased assessed valuation in unsecured properties in the Project Area No. 1. Redevelopment sales tax is expected to remain at \$3.4 million, approximately the same as FY 02-03 budget, due to anticipated slow economic recovery affecting the sales in the Great Mall of Bay Area and other businesses within the Project Area No. 1.

Utility Rates

A 13.2% water rate increase in FY 03-04 was approved. The key factors affecting the water rates are estimated increases in wholesale water costs from the San

Francisco Public Utilities Commission of 22% and the Santa Clara Valley Water District of 9.5%. Water rate increases are expected to occur for the next few years because wholesalers are projecting further increases to meet new regulatory requirements. In addition, staff anticipates the necessary use of facility replacement funds to upgrade infrastructure which is reaching the end of its useful life. The current operating fund balance for the Water fund is approximately \$1.3 million. A Utility Financial Master Plan was completed in FY 02-03. In addition to projecting the operating revenues and expenses of the existing Water and Wastewater Utility, the Plan also identifies funding mechanisms for anticipated capital projects and provides a 20-year projected financial framework for water and wastewater rates.

The Council also approved a **9% sewer rate increase** for single family residential customers in FY 03-04. The sewer fund currently has a \$1.9 million operating fund balance and approximately \$5.2 million replacement fund balance.

For FY 03-04 the recycled water rate will increase by 13.2% for most categories in order to maintain irrigation rates at 80% of potable rates and industrial and inside dual plumbing rates at 50% of potable rates. Sales are estimated to increase by 10% as the customer base continues to expand into new areas of the City.

EXPENDITURES

A budget comparison of appropriations for all funds between FY 02-03 (Adopted Budget) and FY 03-04 (Adopted Budget) is as follows:

<u>Appropriations</u>	<u>Adopted Budget FY 02-03</u>	<u>Adopted Budget FY 03-04</u>	<u>Over (Under) Prior Year</u>
Salaries & Benefits	\$ 50,943,489	\$ 54,147,152	\$ 3,203,663
Services & Supplies	29,209,221	24,287,418	(4,921,803)
Capital Outlay	<u>1,191,891</u>	<u>495,274</u>	<u>(696,617)</u>
Operating Costs	\$ 81,344,601	\$ 78,929,844	\$ (2,414,757)
Capital Improvement	12,917,714	9,689,575	(3,228,139)
Debt Service	<u>11,233,556</u>	<u>10,613,428</u>	<u>(620,128)</u>
Total Appropriations	<u>\$ 105,495,871</u>	<u>\$ 99,232,847</u>	<u>\$ (6,263,024)</u>

The total expenditures represent an overall 5.9% decrease from FY 02-03. Operating expenditures represent a decrease of 3% compared to last year. Following is a summary of the changes in operating expenditures by object category:

Salaries and benefits are expected to increase by 6.3%. The net increase to the General Fund is \$2.6 million (5.5%). The total citywide budget increase in this category is \$3.2 million, which is due to the following contributing factors:

First, negotiated Memorandum of Understanding (MOU) wage and benefit increases as well as scheduled merit increases. The FY 03-04 budget anticipates an average wage increase of 5%, based on recently negotiated wage provisions with several bargaining units. Health insurance premiums are anticipated to increase by approximately 18%.

Second, in accordance with the City Council's direction, a number of vacant non-public safety positions have been frozen in FY 02-03 to save personnel costs. In the FY 03-04 Annual Budget, all the vacant non-public safety positions will remain frozen for the entire year. The hiring freeze, which has been factored in the proposed salaries and benefits expenditure, will contribute no less than \$3 million in savings for next year.

Third, the salaries and benefits expenditure includes increased employer contribution to the Public Employee Retirement System, due to sluggish economy and lower stock prices impacting CalPERS investment portfolio. The budget projected using \$1.5 million from the PERS Rate Stabilization Reserve to help fund a portion of the rate increases.

Services and supplies are expected to decrease by \$4.9 million or 16.8% citywide, with \$3.7 million (29.5%) decrease in the General Fund. The major reason is in FY 02-03 budget, certain one-time expenditures were included to strengthen the Community Emergency Preparedness program that are non-recurring in next fiscal year. In FY 03-04, the services and supplies budget was aggressively reduced to achieve cost savings. Decreases in this category also include reduced budget for citywide gas and electric utility costs for \$475,000 based on actual experiences, \$90,000 for lease payments as the City no longer has to lease the Great Mall location, \$20,000 for ABAG insurance pool premium, and \$1.14 million decreased contribution to the waste water treatment plant operation.

Capital outlay - This category includes new and scheduled vehicle and equipment replacements, along with improvements to City owned land and buildings. Total capital outlay request for FY 03-04 is \$495,274. Majority of the requests are for replacement equipment and vehicles which will be fully funded by the Equipment Replacement Fund.

Major capital outlay expenditures include the following: \$13,600 for a lift to service City facilities for the Public Works Department, \$20,000 for an emergency Generator, \$112,000 for radio equipment and \$210,000 for eight police vehicles for the Police Department. The proposed capital outlays for the Police Department are to replace existing equipment and vehicles that are fully depreciated.

DEBT

The City's legal bonded debt limit, as established by the California Government Code, is approximately \$351 million. The City through the Milpitas Redevelopment Agency and the Milpitas Public Financing Authority issued various bonds in the past. Currently, there are four outstanding debt issues, the 1997 Redevelopment Agency Tax Allocation Bonds, 2000 Redevelopment Agency Tax Allocation Bonds, Great Mall Sales Tax Revenue Bonds and the Technology Financing Phase I Certificates of Participation totaling \$77,830,000. None of these outstanding bonded debts is subject to the limit.

The principal and interest payments in FY 03-04 are expected to be at the same level as last year, approximately \$10.6 million. The final payments on these four bonds will occur between fiscal years 2010 and 2024.

The City's debt policy includes a comprehensive, thorough review and analysis of the City's long-term capital project needs. Once project needs are established, they are ranked by priority, funding options are reviewed. Depending on the funding requirements and available reserves, either existing reserves are used or tax-exempt securities are issued.

CAPITAL IMPROVEMENTS

The Capital Improvement Budget funding for FY 03-04 by Project Category is as follows:

<u>Project Category</u>	<u>FY 03-04 Budget</u>	<u>Total Available for Projects</u>
Community Improvements	\$3,444,816	\$15,728,597
Park Improvements	595,245	5,619,591
Street Improvements	4,913,000	14,113,343
Water Improvements	584,514	5,640,751
Sewer Improvements	142,000	4,049,837
Storm Drain Improvements	10,000	1,806,808
Total	\$ 9,689,575	\$46,958,927

The total FY 03-04 Capital Improvement Program (CIP) funding is \$3.2 million less than the FY 02-03 CIP. Due to State budget uncertainties, an extensive prioritization of all CIP projects for consistency with available resources and future needs has been performed. The FY 03-04 Capital Improvement Program has been developed to fund and deliver the Council's highest priority projects.

The Capital Improvement Budget has been reviewed by the Planning Commission to determine its conformance with the City's General Plan. Each project also identifies applicable on going operating costs upon project completion. Future operating costs for the projects amount to approximately \$419,600 annually.

The Capital Budget Section of this budget book provides a brief description of the projects to be funded in FY 03-04. For further details on the capital improvement projects, a separate Five Year Capital Improvement Program FY 2003-2008 prepared by the Engineering Division may be obtained at 455 E. Calaveras Blvd, Milpitas, CA 95035.

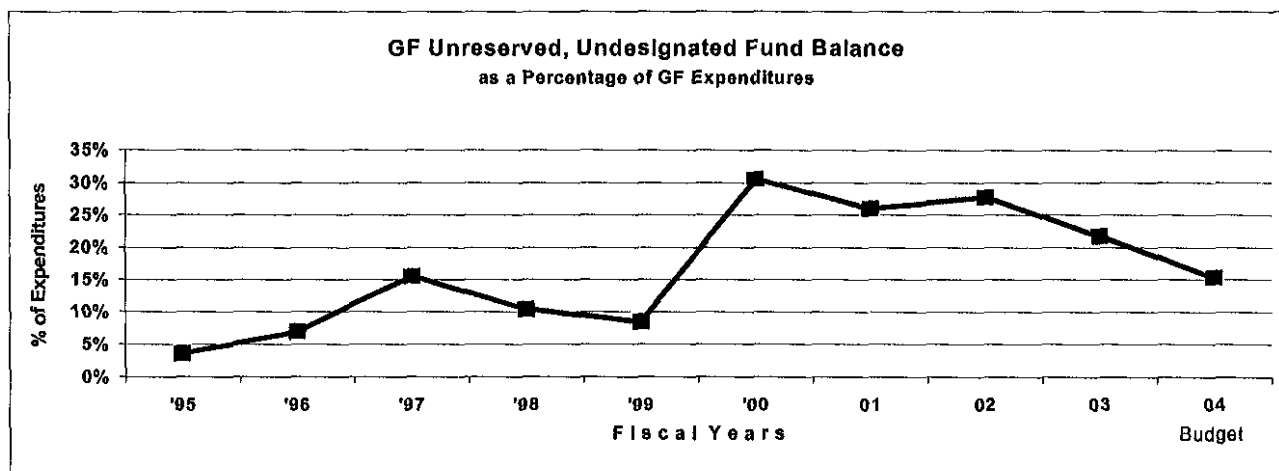
FUND BALANCES/RETAINED EARNINGS

An important resource for a City is the money that is available for future appropriations and unexpected emergencies. A complete schedule of the Final Budget Summary of the Revenue, Expenditures, Transfers, and Fund Balances is shown in the Financial Information section of the Budget. The following schedule shows the estimated undesignated Fund Balance for the General Fund and the percentage of the balance in relation to the Fund's total appropriations. Also shown are the total estimated fund balances for the Restricted Funds:

<u>Fund</u>	<u>Budgeted Expenditures FY 03-04</u>	<u>Estimated Balance 6/30/04</u>	<u>% of Budgeted Expenditures</u>
<u>Unreserved – Undesignated</u>			
General	\$ 60,101,116	\$ 9,250,000	15.39%
<u>Restricted</u>			
HCD		2,302,930	
Street Improvement		10,747,244	
General Government CIP		4,214,347	
Park		8,460,518	
Water		7,790,982	
Sewer		10,620,211	
Redevelopment		61,204,000	
Library		9,348,293	
Other		6,144,613	

The projected percentage of the estimated unreserved, undesignated fund balance for the General Fund is 15.39% which is sufficient to provide for needed changes to the appropriations in any one fiscal year. The Council policy provides that the General Fund reserve will be maintained at a minimum of 15% of the General Fund budget appropriations.

The chart below provides a historical perspective of the City's General Fund unreserved, undesignated fund balance as a percentage of General Fund expenditures.



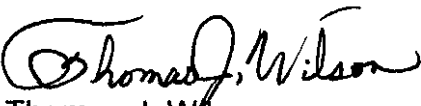
The Restricted Funds listed on the previous page have legal restrictions on the way in which the funds may be used. The estimated fund balances in the Restricted Funds include amounts that have already been committed for projects or programs approved by the Council/Agency. In addition, the Restricted Funds fund balances include bond proceeds or anticipated bond proceeds that have legal restrictions for their use as outlined in the bond documents.

ACKNOWLEDGEMENTS

We want to thank the Mayor and City Council for their guidance and integrity in directing the financial affairs of the City in a most responsible and progressive manner. We also extend our appreciation to the Finance Department staff who worked on the budget, along with all the Division/Department Heads and the Budget Liaisons for their hard work, assistance, and cooperation in preparing this Budget.

The overall budget envisions an operating program that carefully considers the general economic climate in conjunction with the many progressive projects and programs the City will be providing to the citizens of Milpitas. The Budget establishes the projected resources to pay for all requested appropriations. The City Council and members of the Redevelopment Agency have guided the City of Milpitas to a very strong financial position that enables the City to undertake new programs while maintaining its high level of services for all Milpitas citizens, even during difficult economic situations. The City Council's approval of the FY 03-04 Budget continues its commitment to excellence in citizen services and prudent financial management.

Respectfully submitted,


Thomas J. Wilson
City Manager


Blair King
Assistant City Manager

_____ 2003-2004 FINAL BUDGET _____

_____ CITY OF MILPITAS, CALIFORNIA _____